

~~SECRET~~

## CIA LIBRARY

NE/A

### INTELLIGENCE SUMMARY

For Week Ending  
12 January 1949

Vol. IV No. 2

Document No.                       
NO CHANGE in Class. ☐                       
☐ DECLASSIFIED  
Class. CHANGED TO: TS                       
DDA Memo, 4 Apr 77  
Auth: DDA REG. 77/1763  
Date: 8 MAR 1978 By: 011  
8 MAR 1978

NEAR EAST/AFRICA BRANCH  
OFFICE OF REPORTS AND ESTIMATES  
CENTRAL INTELLIGENCE AGENCY

~~SECRET~~

35

~~SECRET~~

## NEAR EAST/AFRICA BRANCH

## INTELLIGENCE SUMMARY

Vol. IV No.2

For Week Ending  
12 January 1949

## GREECE

New faces in the government: Prime Minister Sophoulis' Populist-Liberal government is now undergoing its first major face-lifting since the original version of the coalition took office in September 1947. Former Prime Minister George Papandreou, who heads a bloc of 30 centrist deputies, has agreed to join the cabinet as Minister of War, with the additional rank of Deputy Prime Minister, and three of his followers are also to receive cabinet posts. Meanwhile Field Marshal Alexander Papagos, hero of the 1941 Albanian campaign, has been named to the new post of Commander-in-Chief of the Greek Army. While these innovations promise no spectacular immediate results, they should facilitate, in the long run, some much-needed improvements in the functioning of the government and the army. Papandreou has strong ideas about tax reform, civilian mobilization, and the refugee problem, and his bloc of votes should prevent the government from being engulfed in another enervating political crisis when parliament reconvenes on 1 February. Papagos insisted on obtaining sweeping powers--including complete control of the army, freedom from political interference, and strict censorship of military matters--before he would accept the post of Commander-in-Chief, and it appears that, despite his political ambitions, he will emphasize military effectiveness in his new position. Under these circumstances, he may be able to end the indecision and defeatism which have hitherto hampered the army high command.

## PALESTINE

Egyptian-Israeli prospects: Although Egypt and Israel have accepted the Security Council cease-fire order, prospects for a negotiated settlement between the two countries are not bright. Egypt will doubtless be unwilling even to enter into negotiations so long as there is any doubt concerning the complete withdrawal of Israeli forces from Egyptian territory. Moreover, it is problematical whether Egypt will negotiate unless (as is most unlikely) Israeli troops in the Negev comply with the SC's order to retire to their positions of 14 October. As for the Israelis, Jewish military leaders are convinced that they can achieve more by military action than through UN arbitration and are disappointed that Israel accepted the cease-fire before the Egyptian Army had been completely defeated and pushed out

~~SECRET~~

~~SECRET~~

2.

of Palestine. Israeli political leaders, however, were sufficiently sensitive to pressure by the US and UK to accept the cease-fire. If the PGI remains responsive to US and UK pressure and makes some concessions to Egypt (such as relief of the trapped Faluja garrison and acquiescence in Egyptian control of the Gaza coastal area), the Egyptians will probably feel that they can negotiate with Israel without a complete loss of face. If, however, the PGI disregards outside pressure and adopts an uncompromising attitude toward Egypt, the negotiations will break down. Such a development would mean a renewal of the fighting or, at best, a continuation of the costly armed truce which is draining the strength of both sides.

#### IRAQ

Fall of the government: The resignation of the Pachachi Cabinet in Iraq was not unexpected. It had long been apparent that the government's inability to cope with the country's economic difficulties, coupled with the unsatisfactory Palestine situation, would bring about its downfall. As Nuri Seid, Iraq's Grand Old Man, prepared once again to take a dominant role in determining the country's foreign policy, there could be little doubt that the British Foreign Office was attacking its breakfast kippers with a greatly improved appetite. British influence in the country has been tenuous ever since the conclusion of World War II as a result of intensified Iraqi nationalism, which scored its greatest triumph in forcing rejection of the Portsmouth Treaty almost exactly a year ago. Nuri's long record of cooperation with the UK, however, gives reason to believe that British "suggestions" may receive somewhat more sympathetic consideration than they have been getting of late--a development of particular importance now, as the Palestine negotiations enter a most delicate stage. Incidentally, the time would appear most appropriate for the UK to take some concrete step toward the easing of Iraq's economic problems; such a move would raise both the UK's own stock and that of Nuri. The Regent has prorogued the Parliament for one month, which should give Nuri a breathing spell to consolidate his position before it becomes necessary to ask for a vote of confidence.

#### NOTED IN BRIEF

More Greek children are apparently being dispatched to satellite countries notwithstanding Markos' lip service to the UN resolution of 27 November for the repatriation of the 23,696 children sent since March 1948. In mid-December Markos' Minister of Welfare announced that no parents had requested the return of their children and that more were being packed off to the "popular democracy." Since then, new arrivals have been reported in Rumania from Yugoslavia and

~~SECRET~~

~~SECRET~~

3.

Albania. . . . . The Greek Army offensive in the Peloponnesus is still in the preliminary stage, with army units securing their rear areas and lines of communication, arresting Communist collaborators, and attempting to prevent guerrilla infiltration of the army lines. No sustained contact with the guerrillas is expected until the army reaches the mountains in the central Peloponnesus, where the guerrillas may offer stubborn resistance. . . . .

The fact that Turkey is still technically at war with Germany and Japan has undoubtedly been noted with some interest by the Turkish statesmen considering the problem of dealing with the Italian warships scheduled to pass through the Straits soon en route to join the Soviet Black Sea fleet as reparations. Under Article 20 of the Montreux Convention, Turkey, a belligerent in time of war, is granted complete discretion regarding passage of warships through the straits. . . . .

The Turkish representative on the three-power UN Palestine Conciliation Commission is a 74-year-old editor, H. C. Yalçin, who is noted for his anti-Soviet views even in a country which places a considerable premium on opposition to the USSR. Yalçin is specifically established on Vishinsky's list of "war-mongers," and, when the Soviet Ambassador harangued Turkey's Prime Minister at a recent reception, he did not fail to register objections to an editorial Yalçin had just published on the USSR. . . . .

Lebanon wants an early settlement of the Palestine issue and is believed to be carrying on unofficial negotiations with representatives from Israel for the evacuation of Israeli forces from southern Lebanon. . . . .

The possibility of an Anglo-Syrian rapprochement and treaty is raised by reports that the new Syrian Prime Minister, Khalid Azm, "would take steps to end further isolationism" from the West. . . . .

A further postponement of the Israeli elections (due to be held on 25 January) may be necessary if electoral preparations cannot be completed in time. Such a delay would prolong the tense pre-elections period, during which the vote-conscious political leaders are increasingly extreme in their chauvinism. If the elections are held as scheduled and result in the expected MAPAI victory, Israel will be less hypersensitive in its foreign relations, particularly with the UK, and more likely to work out some compromise with the Arabs. . . . .

The rousing reception King Abdullah received on his recent trip to Arab Palestine appeared genuine, and the annexation movement seems to be gathering strength throughout the Arab world. The Yemenite princes who accompanied Abdullah on the trip were greatly impressed and reportedly promised to inform both the Imam and Ibn Saud of the real situation. It has been rumored that Lebanon also looks with favor on the annexation, Syria and Egypt remain unalterably opposed. . . . .

The disintegration of the Arab League continues. Azzam Pasha still cries for a "do or die" war against Zionism, while the individual Arab states are trying quietly to find a way of extricating themselves from the Palestine morass. Lebanon is remarkably amiable about the Israeli troops

~~SECRET~~

~~SECRET~~

4.

on its soil. Syria and Iraq have not taken the offensive for months, although Iraqi troops are still firmly entrenched in Central Palestine. Nuri Said, the new Iraqi Prime Minister, is openly hostile to the Arab League, and there are strong rumors that Egypt's new Prime Minister, Abdel Hadi, whose dislike of the Arab League is well known, will terminate Egypt's membership in the League so that in negotiations over Palestine Egypt will be unhampered by criticism and advice from the other Arab states. King Abdullah would be more than delighted to see the League fold up. It has been the focal point of united opposition to his Greater Syria Plan and an obstacle to his annexation of Arab Palestine. . . . .

. . . . . The US Military Mission contract with the Iranian Army, due to expire on 20 March, has been extended for one year. . . . .

Iran's railway equipment has seriously deteriorated owing to faulty maintenance. Unless adequate steps are taken, it appears that the rail system will be unable to fill northern Iran's petroleum requirements and that a serious situation will develop in the principal southern port of Khorramshaha, which is chronically congested. However, the army has apparently allotted sufficient rolling stock to Bandar Shahpur to insure expeditious handling of the military supplies en route from the US. . . . . The position of the British-owned Imperial Bank of Iran and its capacity to operate successfully will be jeopardized if the Iranian Government follows the recommendation of A. H. Ebtehaj, Governor of the Bank Melli (Iranian National Bank). Ebtehaj has proposed that the cabinet pass a decree which would drastically alter conditions under which the Imperial Bank would be allowed to continue business after the expiration of its concession on 30 January. Although the details of the decree have not been reported, Ebtehaj is known to favor forcing a reduction in the Imperial Bank's rial holdings, curtailing its foreign exchange transactions, and closing its provincial branches. While Ebtehaj states that he does not want to exclude the Imperial Bank from Iran, observers consider it doubtful that the Imperial Bank could operate for long under such conditions. The Imperial Bank is the second most valuable British commercial asset in Iran; its elimination would mark a reduction of British influence and prestige in the country.

~~SECRET~~